



Technical Director  
File Reference No. 2020-300  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116  
Via Email: [director@fasb.org](mailto:director@fasb.org)

Dear Technical Director,

Eastern Virginia Medical School appreciates this opportunity to comment on the Financial Accounting Standards Board's (FASB's) exposure draft of the revised proposed Accounting Standard Update, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.

Eastern Virginia Medical School (referred to as "EVMS" hereafter) is an academic health center dedicated to achieving excellence in medical and health professions education, research and patient care. We value creating and fostering a diverse and cohesive faculty, professional staff and student body as the surest way to achieve our mission. Adhering to the highest ethical standards, we will strive to improve the health of our community and to be recognized as a national center of intellectual and clinical strength in medicine and Health Professions.

### **General Comments**

In the exposure draft, the FASBE states it is issuing this proposed update to allow a limited deferral of the effective dates for the Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606) (Revenue)* and Accounting Standards Update No. 2016-02, *Leases (Topic 842) (Leases)* to provide immediate, near-term relief for certain entities for whom these Updates are either currently effective or imminently effective. This is in response to the Coronavirus Disease 2019 (COVID-19) pandemic that is adversely affecting the global economy and causing significant and widespread business and capital market disruption as a way to support and assist stakeholders.

### **Financial Services**

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## **Specific Issue**

The exposure draft is offering a one year delay on the effective date of ASC 2014-09, *Revenue from Contracts with Customers (Topic 606) (Revenue)* for organizations who would be required to implement the fiscal year after December 15, 2018, but is limiting this relief to franchisors. This relief does not include not-for-profit organizations that have not issued, or are not a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market.

## **Eastern Virginia Medical Schools Response**

The new Revenue Recognition Standard, ASC 2014-09, requires organizations to reevaluate all revenue streams to determine the nature, timing, and uncertainty of revenue from contracts with customers. This determination requires a significant amount of documentation and review for external auditors to ensure that the standard is being properly applied to all revenue streams. Like many of those in the franchise industry, not-for-profits who that have not issued, or are not a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market are currently preparing and having their first annual financial statement under the new guidance audited. As noted in the exposure draft, challenges associated with transition to a major Update are often magnified for private companies, smaller public companies, and NFP entities. The Board also noted that these challenges have been significantly amplified by the current business and capital market disruptions caused by the COVID-19 pandemic.

Although we are a college, we have several different revenue streams outside of tuition and fees since we provide health and laboratory services, manage residency programs, and have numerous research grants/contracts. As a Medical School, we are further impacted by COVID19 due to part of mission being patient care. Our resources are stretched as we continue to provide much needed medical care to our community during this public health crisis. Allowing us to delay implementation until next fiscal year would allow our financial team to keep their focus on our students, patients, customers, and employees. We are having to pull our financial

team off of COVID19 efforts in order to continue with the Revenue Recognition documentation required by our external auditors.

We respectfully request review and consideration to include all not-for-profits, who had not previously implemented Accounting Standard Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (Revenue), in the limited deferral of the effective dates along with franchisors. This additional relief would allow organizations like to avoid unnecessary additional costs and administrative burden during this already difficult time.

Thank you for the opportunity to comment. We are always ready to provide additional comments or meet with you or members of your board to discuss this matter further. If we can provide additional material or perspective on this issue, please contact Victoria Dean at [Deanvc@evms.edu](mailto:Deanvc@evms.edu) or (757)-446-6055.

Sincerely,



Victoria Dean  
Controller